

Members

Sen. James Merritt, Co-Chairperson
Sen. Edward Charbonneau
Sen. Beverly Gard
Sen. Dennis Kruse
Sen. Jean Leising
Sen. Scott Schneider
Sen. Marlin Stutzman
Sen. Carlin Yoder
Sen. Jean Breaux
Sen. Robert Deig
Sen. Sue Errington
Sen. Lonnie Randolph
Rep. Win Moses, Co-Chairperson
Rep. Matt Pierce
Rep. Kreg Battles
Rep. Ryan Dvorak
Rep. Sandra Blanton
Rep. Scott Reske
Rep. Dan Stevenson
Rep. Jack Lutz
Rep. Robert Behning
Rep. David Frizzell
Rep. Eric Koch
Rep. Ed Soliday



REGULATORY FLEXIBILITY COMMITTEE

Legislative Services Agency
200 West Washington Street, Suite 301
Indianapolis, Indiana 46204-2789
Tel: (317) 233-0696 Fax: (317) 232-2554

LSA Staff:

Sarah Burkman, Attorney for the Committee
Sarah Freeman, Attorney for the Committee
Diana Agidi, Fiscal Analyst for the Committee

Authority: IC 8-1-2.5-9

MEETING MINUTES¹

Meeting Date: September 29, 2009
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St., the Senate Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Sen. James Merritt, Co-Chairperson; Sen. Beverly Gard; Sen. Jean Leising; Sen. Jean Breaux; Sen. Robert Deig; Rep. Win Moses, Co-Chairperson; Rep. Matt Pierce; Rep. Kreg Battles; Rep. Ryan Dvorak; Rep. Sandra Blanton; Rep. Scott Reske; Rep. Dan Stevenson; Rep. Eric Koch.

Members Absent: Sen. Edward Charbonneau; Sen. Dennis Kruse; Sen. Marlin Stutzman; Sen. Carlin Yoder; Sen. Sue Errington; Sen. Lonnie Randolph; Rep. Jack Lutz; Rep. Robert Behning; Rep. David Frizzell; Rep. Ed Soliday.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

I. Call to Order

The meeting was called to order at 10:06 a.m.

II. John Farrell, Senior Researcher, Institute for Local Self-Reliance

Mr. Farrell spoke to the Committee about advanced renewable energy contracts (ARECs). See Exhibit A. Mr. Farrell told Committee members that ARECs are simple, generally using standardized contracts and unified pricing, as well as cost effective. ARECs also increase local ownership by creating jobs and keeping energy dollars in the local community. Mr. Farrell also provided examples of ARECs that were recently implemented in Gainesville, Florida, and the state of Vermont.

III. Toby D. Couture, Director of Energy Analysis, E3 Analytics

Mr. Couture presented an economic analysis of ARECs. See Exhibit B. Mr. Couture stated that successful ARECs are scientifically based on renewable energy generation costs, allow for a reasonable rate of return, and are available to all investor types. ARECs encourage individual responsibility for energy usage and security. Mr. Couture provided the Committee with data comparing the levelized cost of various energy sources as well as the market impact of ARECs in Germany and Spain.

IV. Martha Duggan, Vice President for Government and Regulatory Affairs, Energy Conversion Devices/United Solar Ovonix

Ms. Duggan briefly discussed the history, manufacturing capability, and global footprint of United-Solar. See Exhibit C. Ms. Duggan also set forth the four pillars of solar market development: utility rates and revenue policies, interconnection, net metering, and incentives.

V. Stan Pinegar, Vice President, Indiana Energy Association

Mr. Pinegar provided an overview of feed in tariffs, including advantages, such as a favorable investment climate and ease of administration, and disadvantages, such as interconnection difficulties and the lack of flexibility. See Exhibit D. Mr. Pinegar compared the current energy generation cost in Indiana of approximately four cents per kilowatt hour with the generation costs associated with various renewable energy sources, which ranged from six and one-half to seventy-one cents per kilowatt hour. Mr. Pinegar told the Committee that wind generation is growing in Indiana and that current regulations provide a qualified facility tariff for renewable energy generation. Mr. Pinegar also discussed the feed in tariff proposed by Indianapolis Power and Light and pending before the Indiana Utility Regulatory Commission.

VI. Other Business and Adjournment

Representative Moses asked the presenters to compare the new production costs of nuclear energy to renewable energy resources. Mr. Pinegar answered that nuclear costs include a 20-30% capacity factor but that renewable costs may not. Ms. Duggan indicated that the levelized operational costs of renewable energy resources are comparable to nuclear costs. Mr. Couture cited a 2008 study by the Massachusetts Institute of Technology and posited that the costs quoted for new nuclear generation ignore liabilities that are transferred from investors to customers. Mr. Couture also stated that the current generation status in the United States adequately allows for immediate growth in renewable energy generation.

Representative Koch questioned whether the costs associated with maintaining necessary generation reserves are included in the estimated costs of renewable energy generation. Mr. Couture replied that the costs, which are not negligible, are generally not included, but maintained that the costs would be manageable within the current energy system.

Senator Breaux asked if it is possible to socialize the benefits associated with ARECs in order to reduce the likelihood that low income energy customers end up subsidizing customers that participate in ARECs. Mr. Couture offered cooperative ownership of renewable energy generation as a possible solution. Ms. Duggan suggested that the costs are often offset by the jobs created through implementation of ARECs. Mr. Pinegar stated that codifying feed in tariffs would result in a rigid framework unable to respond to the needs of customers.

Representative Pierce questioned the costs and liabilities associated with interconnection of net metering facilities to the grid. Mr. Pinegar voiced some safety concerns, specifically the location of net metering facilities with respect to the grid. Mr. Couture replied that the current grid has been built for overaccommodation. Mr. Farrell indicated that safety is not an immediate concern because the amount of renewable energy generation is very small. Representative Pierce also asked which level of government is best able to implement a feed in tariff. Mr. Couture answered that the state government, with input from state public service commissions, is most responsive. Ms. Duggan stated a preference for a broad statutory framework that allows the state public service commission to fill in the details.

In response to a question from Representative Dvorak, Mr. Pinegar agreed to provide the Committee with the percentage of energy that is produced in Indiana but exported out of Indiana. Committee members received a handout detailing the 2009 Indy Solar Tour, part of the fourteenth annual American Solar Energy Society National Solar Tour. See Exhibit E.

It was announced that the fourth and final meeting of the Committee has been rescheduled from October 6 to October 13. The meeting was adjourned at 12:40 p.m.